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November 6, 2025

Consolidated Financial Results for the Nine Months Ended September 30, 2025 (Under Japanese GAAP)

Company name: DIGITAL HOLDINGS, INC.
Listing: Tokyo Stock Exchange
Securities code: 2389
URL: https://digital-holdings.co.jp/
Representative: Daisuke Kanazawa, President and Representative Director
Inquiries: Shinji Takahashi, Executive Officer in charge of Group Finance Area
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended September 30, 2025 (from January 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	9,762	(22.3)	695	(56.7)	3,397	22.5	1,829	2.1
September 30, 2024	12,556	7.6	1,606	313.4	2,773	489.2	1,791	376.3

Note: Comprehensive income For the nine months ended September 30, 2025: ¥(1,413) million [-%]
For the nine months ended September 30, 2024: ¥3,382 million [201.5%]

	Basic earnings per share	Diluted earnings per share	EBIT *1		EBITDA *2	
Three months ended	Yen	Yen	Millions of yen	%	Millions of yen	%
March 31, 2025	104.53	102.78	3,491	26.1	3,710	20.9
March 31, 2024	102.61	-	2,770	497.8	3,068	248.3

Note: *1 EBIT = Profit before income taxes + Interest expense - Interest income
*2 EBITDA = EBIT + other financial gains and losses + depreciation and amortization + stock-based compensation expense + impairment loss

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2025	45,472	30,305	62.7
December 31, 2024	48,217	33,066	63.6

Reference: Equity
As of September 30, 2025: ¥28,495 million
As of December 31, 2024: ¥30,686 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	65.00	65.00
Fiscal year ending December 31, 2025	-	23.00	-		
Fiscal year ending December 31, 2025 (Forecast)				0.00	23.00

Note: Revisions to the forecast of cash dividends most recently announced: None
The fiscal year ended December 31, 2024: Breakdown of Year-end Dividends: Ordinary Dividend 45.00 yen, Commemorative Dividend 20.00 yen
• From the fiscal year ended December 31, 2023, we have targeted a dividend payout ratio of 20% or a dividend on equity (DOE) ratio of 3% on net income attributable to owners of parent before amortization of goodwill, whichever is greater.
• As stated in the " Notice Regarding Revision to the Dividend Forecast (Non-Distribution of Year-End Dividend) of Year Ending December 2025" announced on September 11, 2025, the Company resolved that it has revised the dividend forecast for the fiscal year ending December 31, 2025 and will not distribute dividends at the end of the fiscal year ending December 31, 2025, conditional upon the successful completion of the tender offer for the Company's shares and stock acquisition rights by Hakuhodo DY Holdings Inc.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2025	14,000	(13.3)	700	(28.9)	3,400	96.1	2,200	64.0

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2025	17,960,907 shares
As of December 31, 2024	17,459,907 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2025	- shares
As of December 31, 2024	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2025	17,499,857 shares
Nine months ended September 30, 2024	17,459,907 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable. Actual financial results may differ from the results anticipated in the statements due to various factors.

Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	21,741	25,861
Notes and accounts receivable - trade, and contract assets	7,878	7,194
Operational investment securities	3,570	3,077
Inventories	12	1
Accounts receivable - other	3,056	1,727
Other	1,149	670
Allowance for doubtful accounts	(392)	(450)
Total current assets	37,016	38,082
Non-current assets		
Property, plant and equipment	166	133
Intangible assets		
Goodwill	364	270
Other	310	285
Total intangible assets	675	555
Investments and other assets		
Stocks of affiliates	706	764
Investment securities	8,543	5,411
Leasehold and guarantee deposits	299	299
Deferred tax assets	807	223
Other	0	0
Total investments and other assets	10,358	6,700
Total non-current assets	11,201	7,389
Total assets	48,217	45,472

(Millions of yen)

	As of December 31, 2024	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	7,822	8,017
Short-term borrowings	84	-
Current portion of long-term borrowings	-	4,000
Income taxes payable	280	63
Contract liabilities	164	27
Provision for bonuses	249	188
Other	1,721	2,086
Total current liabilities	10,322	14,383
Non-current liabilities		
Long-term borrowings	4,000	-
Deferred tax liabilities	651	606
Asset retirement obligations	176	177
Total non-current liabilities	4,828	783
Total liabilities	15,150	15,167
Net assets		
Shareholders' equity		
Share capital	8,212	8,479
Capital surplus	3,843	4,110
Retained earnings	14,075	14,368
Total shareholders' equity	26,130	26,957
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,855	88
Foreign currency translation adjustment	2,699	1,450
Total accumulated other comprehensive income	4,555	1,538
Share acquisition rights	1	0
Non-controlling interests	2,379	1,808
Total net assets	33,066	30,305
Total liabilities and net assets	48,217	45,472

Quarterly consolidated statement of income

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Revenue	12,556	9,762
Cost of sales	3,965	2,540
Gross profit	8,590	7,221
Selling, general and administrative expenses	6,984	6,525
Operating profit	1,606	695
Non-operating income		
Foreign exchange gains	-	5
Share of profit of entities accounted for using equity method	513	58
Gain on investments in investment partnerships	642	2,641
Other	20	14
Total non-operating income	1,176	2,719
Non-operating expenses		
Interest expenses	9	12
Other	0	4
Total non-operating expenses	9	17
Ordinary profit	2,773	3,397
Extraordinary income		
Gain on sale of investment securities	25	15
Gain on sale of businesses	2	77
Other	1	0
Total extraordinary income	29	93
Extraordinary losses		
Loss on retirement of non-current assets	8	-
Impairment losses	16	-
Loss on liquidation of subsidiaries	16	6
Other	0	-
Total extraordinary losses	41	6
Profit before income taxes	2,761	3,484
Income taxes	(38)	1,490
Profit	2,799	1,994
Profit attributable to non-controlling interests	1,008	164
Profit attributable to owners of parent	1,791	1,829

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Profit	2,799	1,994
Other comprehensive income		
Valuation difference on available-for-sale securities	552	(2,157)
Foreign currency translation adjustment	29	(1,249)
Total other comprehensive income	582	(3,407)
Comprehensive income	3,382	(1,413)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,501	(1,187)
Comprehensive income attributable to non-controlling interests	881	(225)

Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	2,761	3,484
Depreciation	168	116
Amortization of goodwill	94	94
Increase (decrease) in allowance for doubtful accounts	218	58
Increase (decrease) in provision for bonuses	(227)	(60)
Interest and dividend income	(0)	(5)
Interest expenses	9	12
Loss (gain) on investments in investment partnerships	(642)	(2,641)
Impairment losses	16	-
Loss (gain) on sale of investment securities	(25)	(15)
Loss (gain) on liquidation of subsidiaries	16	6
Share of loss (profit) of entities accounted for using equity method	(513)	(58)
Loss (gain) on sale of businesses	(2)	(77)
Loss on retirement of non-current assets	8	-
Decrease (increase) in accounts receivable - trade, and contract assets	1,712	684
Decrease (increase) in operational investment securities	818	(73)
Increase (decrease) in trade payables	(1,289)	194
Decrease (increase) in accounts receivable - other	149	1,328
Increase (decrease) in accounts payable - other	(688)	462
Increase (decrease) in accrued expenses	(100)	(88)
Increase (decrease) in accrued consumption taxes	254	(21)
Other, net	(14)	(219)
Subtotal	2,725	3,183
Interest and dividends received	0	5
Interest paid	(9)	(12)
Income taxes paid	(292)	(743)
Income taxes refund	1,697	32
Net cash provided by (used in) operating activities	4,121	2,465

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(3)
Purchase of intangible assets	(142)	(48)
Purchase of investment securities	(668)	(86)
Proceeds from sale of investment securities	28	37
Refund of investment securities	1,456	3,273
Proceeds from sale of businesses	2	77
Other, net	0	-
Net cash provided by (used in) investing activities	678	3,251
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	84	(84)
Repayments of long-term borrowings	(1,000)	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	533
Repayments to non-controlling shareholders	(1,562)	(345)
Dividends paid	(1,308)	(1,534)
Net cash provided by (used in) financing activities	(3,787)	(1,430)
Effect of exchange rate change on cash and cash equivalents	(39)	(165)
Net increase (decrease) in cash and cash equivalents	974	4,119
Cash and cash equivalents at beginning of period	18,860	21,741
Cash and cash equivalents at end of period	19,835	25,861

(Notes on segment information, etc.)
Segment Information
I. The nine months of the previous fiscal year (January 1, 2024 to September 30, 2024)
1. Information on revenues and amounts of profits or losses for each reported segment

(Millions of yen)

	Reportable segments				Adjustment amount (Note) 1	Quarterly Consolidated Statements of Income (Note)2
	Marketing Business	Financial Services Business	Investment Business	Total		
Revenue						
Revenues from external customers	8,823	367	3,365	12,556	-	12,556
Transactions with other segments	37	(0)	(0)	37	(37)	-
Total	8,860	367	3,365	12,593	(37)	12,556
Segment profit (loss)	1,527	(360)	2,027	3,195	(1,588)	1,606

Note: 1. Adjustment for segment profit (loss) of (1,588) million yen includes the elimination of inter-segment transactions and HD management costs of (1,588) million yen that have not been allocated to each reporting segment.
2. Segment profit (loss) is adjusted for operating income in the quarterly consolidated statement of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment
(SiP9gnificant impairment loss on fixed assets)
Not applicable.
(Significant fluctuations in the amount of goodwill)
Not applicable.
(Significant Negative Goodwill Accrual)
Not applicable.

II. The nine months of the current fiscal year (January 1, 2025 to September 30, 2025)
1. Information on revenues and amounts of profits or losses for each reported segment

(Millions of yen)

	Reportable segments				Adjustment amount (Note) 1	Quarterly Consolidated Statements of Income (Note)2
	Marketing Business	Financial Services Business	Investment Business	Total		
Revenue						
Revenues from external customers	8,951	183	627	9,762	-	9,762
Transactions with other segments	9	-	-	9	(9)	-
Total	8,961	183	627	9,772	(9)	9,762
Segment profit (loss)	2,207	(176)	344	2,376	(1,680)	695

Note: 1. Adjustment for segment profit (loss) of (1,680) million yen includes the elimination of inter-segment transactions and the unallocated Group-wide management cost of (1,656) million yen.
2. Segment profit (loss) is adjusted for operating income in the quarterly consolidated statement of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment
(Significant impairment loss on fixed assets)
Not applicable.
(Significant fluctuations in the amount of goodwill)
Not applicable.
(Significant Negative Goodwill Accrual)
Not applicable.

（Reference）Revenue, operating profit, EBIT, EBITDA and sales by reportable segment for the current third quarter consolidated comulative period

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		EBIT(Note)1		EBITDA(Note)2		Sales (Note)3	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Marketing Business	8,961	1.1	2,207	44.5	2,288	57.0	2,498	48.5	44,007	5.6
Financial Services Business	183	(50.1)	(176)	-	(174)	-	(174)	-	183	(50.1)
Investment Business	627	(81.4)	344	(83.0)	3,058	(4.7)	3,066	(5.0)	627	(81.4)
Adjustment Amount	(9)	-	(1,680)	-	(1,681)	-	(1,679)	-	(6)	-
Total	9,762	(22.3)	695	(56.7)	3,491	26.1	3,710	20.9	44,812	(1.2)

Note: 1. EBIT = Income before income taxes + Interest expense - Interest income
2. EBITDA = EBIT + other financial gains and losses + depreciation and amortization + stock-based compensation expense + impairment loss
3. Sales refers to sales amount based on old accounting standard before the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March,31,2020).

（Significant Events After the Reporting Period）

（Tender Offer for Shares, etc. of Company by Hakuhodo DY Holdings Inc.）

The Company resolved at the meeting of the Board of Directors held on September 11, 2025, to express its opinion in support of the tender offer for the Company's shares of common stock (the "Company Shares") and the Company's stock acquisition rights (together with the Company Shares, the "Shares, etc. of the Company") by Hakuhodo DY Holdings Inc. ("Hakuhodo") (the "Hakuhodo Tender Offer") and leave the decision to the Company's shareholders and the holders of the stock acquisition rights as to whether to tender their securities in the Hakuhodo Tender Offer. Subsequently, in light of the public announcement by SilverCape Investments Limited ("SilverCape") regarding its intention to commence a tender offer for the Shares, etc. of the Company (the "SilverCape Tender Offer"), the Company, after careful deliberation, resolved at the Board of Directors meeting held on October 28, 2025, to maintain the opinion stated above. The tender offer period for the Hakuhodo Tender Offer has been extended to November 12, 2025.

For details, please refer to the press release entitled "Notice Concerning Opinion on Tender Offer for Shares, etc. of Company by Hakuhodo DY Holdings Inc." announced on September 11, 2025, and the press release entitled "(Amendment) Partial Amendment to "Notice Concerning Opinion on Tender Offer for Shares, etc. of Company by Hakuhodo DY Holdings Inc." announced on October 28, 2025.

The resolutions at the abovementioned meetings of the Board of Directors have been adopted on the premise that the Hakuhodo intends to make the Company its wholly-owned subsidiary through the Hakuhodo Tender Offer and a series of subsequent procedures and that the Company Shares will be delisted.

（Introduction of Company's Response Policies (Response Policies on Takeovers) for Purpose of Engaging in Good Faith Negotiations to Avoid Risk of Company Shareholders Remaining as Minority Shareholders (Coercive Effect)）

The Company resolved at the meeting of the Board of Directors held on October 28, 2025, to establish basic policies regarding the persons who control decisions on the Company's financial and business policies (Article 118, item (iii) of the Regulations for Enforcement of the Companies Act), and further resolved to introduce response policies for large scale acquisition activities, including the SilverCape Tender Offer for which specific concerns have already been raised, as measures to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the basic policies (Article 118, item (iii), b.(2) of the Regulation for Enforcement of the Companies Act).

For details, please refer to the press release entitled "Notice Concerning Introduction of Company's Response Policies (Response Policies on Takeovers) for Purpose of Engaging in Good Faith Negotiations to Avoid Risk of Company Shareholders Remaining as Minority Shareholders (Coercive Effect) in Relation to Announcement of Planned Commencement of Tender Offer for Shares, etc. of Company by SilverCape Investments Limited" announced on October 28, 2025.

（Setting Date of Record for Voting Rights at Extraordinary General Meeting of Shareholders）

The Company resolved at the meeting of the Board of Directors held on October 28, 2025, to set a date of record for voting rights at an extraordinary general meeting of shareholders which may be held within three months from November 13, 2025 (the "Shareholders' Intent Confirmation Meeting").

In preparation for a possible Shareholders' Intent Confirmation Meeting, in order to fix the shareholders who are eligible to exercise voting rights at the Shareholders' Intent Confirmation Meeting, the Company set November 13, 2025, as the date of record for voting rights, and determined that the shareholders entered or recorded in the latest shareholder registry as of the date of record will be eligible to exercise voting rights at the Shareholders' Intent Confirmation Meeting.

In the case that the Company convenes the Shareholders' Intent Confirmation Meeting, the details such as the date, location and proposals for the Shareholders' Intent Confirmation Meeting will be announced as soon as they are determined.

For details, please refer to the press release entitled "Notice Regarding Setting Date of Record for Voting Rights at Extraordinary General Meeting of Shareholders" announced on October 28, 2025.